

The MANAGEMENT REVIEW

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By GLENN FRANK.

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The MANAGEMENT REVIEW

June, 1931

Business Defeatism and Economic Recovery

By GLENN FRANK, *President,*
University of Wisconsin

THE French have a word, *defaitiste*, to describe the man who in spirit or policy or procedure makes for his country defeat in time of war, and in wartime a nation's defeatists are kept under strict observation. I suggest that America has just now a growing body of business defeatists upon whom the nation could profitably keep a weather eye.

The supreme battle of this generation is on just now in business circles between the deflationists and the consumptionists. The deflationists are those business leaders who think that the way out of the current economic muddle lies in reducing the standards of living. The consumptionists are those business leaders who think that the way out of the current economic muddle lies in raising the standards of living.

The deflationists of to-day are blood brothers of the inflationists of yesterday, and they are just as bat blind to economic and social realities. The inflationists of yesterday brought the stock market to collapse. The deflationists of to-day will bring our entire business system to collapse if they succeed in seducing the majority of American business men, bankers and industrialists to their point of view. To speak with brutal frankness—and the times call for that sort of speaking—the deflationists are little men riding in big saddles, seeking to lead a business army to which they have nothing to bring except the strategy of their fear. They are big business men who have fallen short of being *big* business men.

Along the entire frontier of Western civilization the forces that have made for the collapse of markets, the retardation of economic enterprise, and

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the unsettlement of mass confidence in current leadership are to-day challenging the worth and the workability of the Western economic order. And in the midst of this world-wide economic depression the forces of education and the forces of industry are occupying the two most heavily shelled sectors of the Western world's social battle-line. We do not yet know what the outcome of this challenge and of this contest will be. The forces of education and the forces of industry may be beaten into panic retreat by the disintegrative forces of revolution or by the integrative forces of dictatorship. The captains of education and the captains of industry may rest content with defensive tactics, dig themselves more deeply in, and do no more than hold their own for some time to come. Or they may evolve a fresh strategy of advance and move forward to new conquests of economic prosperity and social good.

I am not foolhardy enough to venture a prophet's guess among these three possibilities. I am content to say that I think the third outcome is possible, and that it lies very largely with the leadership of education and the leadership of industry to say whether or not it shall be realized.

The United States is, at the moment, in the midst of the most serious economic crisis in its history. Even with markets tumbling about our ears and with salesmen reluctantly reporting their quotas unfilled, there is, save for the breadlines in our congested centers, a bright delusive air of well-being among our people that tends to hide from the average American the deeper significance of the depression through which we are passing. We have known phases of slowing down in which the American people, as a whole, were on a lower level of living than now, but in its basic character the current depression is unlike and more serious than any depression that has preceded it. It is the first general crisis that has befallen us since our machine economy has come to measurable maturity. It is not a matter of momentary maladjustment in any one section of the world. It is not a matter of momentary speculative mania disrupting an otherwise statesmanlike and stable economic program. There is nothing to be gained by beating about the bush. The entire economic order of the Western world has reached an impasse from which only the most clear-headed, creative, and courageous educational, industrial, and political leadership can extricate it.

That this is not the facile generalization of a frightened academician is proved, I think, by four obvious but all-too-generally overlooked aspects of this depression, viz.:

First, the current economic depression is not simply American; it is world-wide. The Americas, Europe, Asia, Africa, and the Antipodes—all stand to-day as if some subtle spell of economic witchcraft had been put upon them.

Second, the current economic depression is not simply a financial depression; it is industrial as well. We should to-day be wrestling with forces of economic retardation even if there had been no Black October in the 1929

operations of the Stock Exchange. The market debacle was but an eddy in a major current of economic tendency. In the United States, significant sections of industry, such as the automobile industry, had been reaping the easy harvest of a first-sale market, and were beginning to reach the point at which, by and large, the market was settling down to a matter of replacements and of meeting the new needs created by normal growth of population, or by radically new departures in design, quality, and price. American business and industry were catching up on the postponed building and buying that had kept the air electric with enterprise in the immediate post-war decade. Various artificial stimuli to business, such as installment buying and the mania for annual models, were rounding out their pioneer push and settling down to a normal pace of development. And throughout the world the potential energies of the machine age were beginning to feel the irrational restrictions of tariffs and trade policies that had been created by an obsolete political leadership, tariffs and trade policies that stood and still stand in utter violation of the clear conclusions of common sense and of all the canons of constructive statesmanship. The current depression is more than a *faux pas* of the financiers; it is a kind of judgment day for industrial leadership. We might reform the Stock Exchange and still the ghost of this depression would not down, for it sinks its roots in all the policies and processes of our industrial order.

Third, the current depression is not simply financial and industrial in its scope; it is agricultural as well. Alongside the world-wide industrial depression there is a world-wide agricultural depression, again emphasizing the fact that the phenomenon we are facing goes to the very foundations of the economic order of the West, in particular, and of the world, in general. The agricultural aspect of the current depression strikes, with utter impartiality, exporting and importing countries alike. Such exporting countries as the United States, Canada, and Australia are hit by an agricultural depression due primarily to economic and secondarily to political causes. Such importing countries as Germany and England are hit by an agricultural depression due primarily to political and secondarily to economic causes. For every existing agricultural surplus in any part of the world there are somewhere in another part of the world under-nourished bodies enough to absorb it. But we seem not to be able to muster a statesmanship that can lift the peoples of these areas of under-consumption to the level of paying customers and bring the supply into contact with the need. And so we must admit a bankruptcy of leadership and shame ourselves by confessing a world-wide agricultural depression that would be unthinkable to a really intelligent race.

Fourth, the current economic depression is not marked by an over-production of manufactured goods alone; it is marked by an over-production of raw materials as well. In the last decade or two there has been a staggering

increase in the production of raw materials and foodstuffs. From 1909 to 1914, the average world production of sugar was 19,363,000 short tons. By 1929, it had jumped to 29,970,000 tons, or, roughly, a 50 per cent increase. In less than two decades the United States increased its wheat acreage from 47,000,000 to 61,000,000 acres, while Australia and Canada more than doubled theirs. The world had a full year's supply of coffee on hand when this year's crop was ready for harvest. The world output of tea jumped, in four years, from 856,000,000 to 945,000,000 pounds. Rubber jumped from 51,000 to 68,000 long tons. From 1926 to 1929, the world output of tin jumped from 145,000 to 195,000 metric tons, lead from 1,606,000 to 1,775,000 metric tons, zinc from 1,245,000 to 1,470,000 metric tons, and copper from 1,485,000 to 1,908,000 metric tons. This expansive output of raw materials is, again, a world-wide phenomenon. From 1910 to 1914 Australia's average wheat production was 90,497,000 bushels. Twelve years later it had jumped to 160,762,000 bushels. In 1913, Australia's wool production was 711,500,000 pounds. In 1927, it had jumped to 883,304,000 pounds. In 1913, Chile's output of copper was 93,147,000 pounds. In 1928, it had jumped to 528,487,000 pounds. And even in the face of the rapid development of synthetic nitrates in Germany, England, and the United States, the output of Chilean nitrates jumped from 2,772,000 metric tons in 1913 to 3,163,000 metric tons in 1928. I take these figures, more or less at random, and with no attempt to paint a complete picture, in order to emphasize the fact that the current glut of manufactured goods is not the whole story of the current depression.

We are face to face, then, with a phase of economic depression that is world-wide in scope, financial, industrial, and agricultural in character, and marked by a sluggish surplus alike of manufactured goods and of raw materials. But to-day I want to do no more than suggest a point of view respecting the industrial depression in the United States and say what I think it implies by way of challenge to the leadership of education and the leadership of industry.

As the United States swung into the closing months of 1929, our machine order was never more efficient from the point of view of potential productive capacity, but our economic order found itself swamped rather than served by the efficiency of the machine order. (I use these terms—"machine order" and "economic order"—in a more severely separate and limited sense than the technical economist uses them. By the machine order I mean the whole array of processes by which we make goods and produce wealth; by the economic order I mean the whole array of policies by which we use goods and distribute wealth.) Never was there less defensible excuse for economic depression than in the closing months of 1929. There was no shortage of money. There was no shortage of basic resources. There was no lack of willing hands to work. There was no lack of productive efficiency. There was no plague-like adversity of wind or weather. There was

no insect pest, either nation-wide in its ravages or seriously out of hand. There was no invader hammering at our gates to terrify our spirits and to disrupt the normal processes of our enterprise.

On the contrary! There was an ample money supply. There was a surplus of nearly all basic resources. There were millions of workers ready to work. The productive efficiency of the nation was such that the needs of its people and much besides could have been easily supplied with shorter working days and a shorter working week. At no moment in human history had a people found itself in possession of so nearly all of the material essentials for a great and glowing civilization. It was at such a moment that the United States found the shadow of a serious economic depression falling athwart its life.

At the very moment when the market collapse and economic retardation befell it, the United States was basically at the point towards which the dreams of prophets and seers have pointed through the centuries. As we re-read the literature of Utopian thought and list the things that the social seers have, with striking unanimity, set down as elementary requirements of an ideal society, we find that the United States was in position to provide them all in the closing months of 1929. It had invented machines enough to emancipate its people from drudgery. It had achieved a productive efficiency that made possible the production of everything its people needed without their slaving from dawn to dusk. Leisure in which to laugh and love and adventure among things of the mind and spirit was within the nation's grasp.

I do not want to join the over-simplifiers, and bring a false clarity to a situation that is admittedly complex. The cause of the current economic situation cannot be captured in a phrase nor its cure distilled in an epigram. But one thing is, I think, sun-clear: The leadership that has developed our policies for using goods and distributing wealth has proved inferior to the leadership that has developed our processes for making goods and producing wealth. We cannot, of course, tear the machine order and the economic order apart in our thinking. They are too intimately interlocked. But, in the deepest sense, I think it is accurate to say that the current depression is, in essence, an indictment, not of the machine order, but of the economic order.

Let me translate these abstract observations into concrete terms. It is by now a threadbare platitude—even if a young platitude—to say that our machine economy is in trouble because our capacity to purchase has not kept pace with our capacity to produce. Following the war, some of the more far-sighted leaders of American business and industry adopted a new credo that said a stable and widely distributed prosperity and healthy industrial development required high wages, short hours, and low prices. This ran contrary to the naive business thinking of earlier generations that said low wages, long hours, and high prices made for maximum profit. But outstanding indus-

tries throughout the United States proved by their balance sheets that high wages, short hours, and low prices were not only good for the masses but good for the manufacturers. And we are in the grip of depression now, not because we followed this new credo of business, but because we did not follow it generally enough or apply it far enough.

The simple fact is that a machine economy must, along with the making of commodities, see to it that the consuming millions have money with which to buy and leisure in which to enjoy the products the machine economy creates. And that means higher wages than we have yet paid, shorter hours than we have yet set, and lower prices than we have yet fixed. Our machine economy is to-day sinking us in a sea of surplus production that could, if we were statesmanlike enough, be used to the advantage of ourselves and of the world. I decline to concur with the observers who insist that we are producing too many goods. There are 120,000,000 of us in this nation, and, as a people, we have far from satisfied the legitimate demands of a healthy and civilized folk. There is a whole world outside our frontiers in which millions upon millions of men and women are living far below the consumption level we have known and that health and civilized values dictate. If we are at all sensitive to the physical and spiritual needs of humanity, to say that we are now or shall be for generations to come at a point where humanity is surfeited with goods and services it does not need for better living is, to me, too incredible to consider seriously.

But that we are producing more goods than the consuming millions are able to purchase is obvious. Production and consumption are seriously out of balance. There are two obvious ways to deal with this disturbed balance between production and consumption. We can slow down production by deliberate policy or we can speed up consumption by deliberate policy. I shall not attempt to disguise my conviction that to throw the brakes on our productive capacity would be a coward's policy and a social retreat. We have evolved a machine economy that can, if we will but bring a far-sighted statesmanship to its direction, emancipate the race from drudgery, lift the standard of physical well-being throughout the world, and give mankind at last leisure in which to cultivate values that lie beyond economics. But the machine economy will never do these things unless and until the leadership of industry sees to it that a larger share of the national income is shifted into the pockets of the consuming millions, and until the margin of leisure for the millions is markedly increased. And if and when the leadership of industry assumes as one of its major duties increasing the income and the leisure of the millions, it will discover that, as a by-product of this statesmanlike social ministry, it has made greater profits than ever before.

A simple and single challenge lies coiled at the heart of this depression: Will the leadership of industry prove as capable in producing civilized con-

sumers as it has proved itself capable in producing consumable commodities? Unless it does, industrial leadership must resign itself to the certainty that our machine economy will slump into chronic depression and ultimate collapse.

The logic of events is at last proving that the basic policies that will prove best for labor are the policies that will prove best for capital and vice versa. It is at last evident that it is to the best interests of business that a larger share of the national income shall find its way into the hands of the masses who buy consumable commodities. It is obviously self-defeating for business to get itself into the position to produce vast quantities of goods, unless at the same time, it sees to it that there are vast masses of potential consumers ready with money to buy and leisure in which to use the goods that business produces.

In the entire history of business-America, every general reduction of hours and every general rise in wages, however bitterly fought by business and industrial leadership at the time, has been followed by a fresh accession of business activity and general prosperity. It is one of the ironies of history that the very things for which labor and liberalism have pleaded through the generations, on the ground of simple social justice, namely, high wages, short hours, low prices, are now seen to be the only things that can, in the interest of the solvency of capitalism, keep our industrial order a going concern.

In the field of education, the narrow specialist has broken down in the face of a crisis that only the broadly-educated man, who can see things steadily and see them whole, could master.

In the field of industry, the machine order—which makes goods and produces wealth—has been astoundingly successful, only to find its success turned into defeat because the economic order—which has to do with using goods and distributing wealth—has not been able to make wise use of the marvelous efficiency of the machine order for the benefit of all.

By a thousand superficial tests our captains of education and our captains of industry have been successful during the decade just closed, but in the deeper sense, they failed when faced with the crucial test of their careers, namely, the prevention of the current economic depression. And before they can again lay claim to success they must help us do two things, viz.:

First, they must help us make our universities once more educational institutions as well as training stations for narrow specialists.

Second, they must help us make our economic order as socially efficient in its policies for using goods and distributing wealth as they have made our machine order technologically efficient in its processes for making goods and producing wealth.

During the last few months, before significant bodies of business, industrial, and financial leaders, I have made statements, the essence of which is: If we are to insure the solvency and success of our industrial system, we must

see to it that a larger share of the national income is shifted into the pockets of the consuming millions and that the margin of leisure for the millions is markedly increased, in order that the masses may have money with which to buy and leisure in which to enjoy the vast flood of goods and services our magnificent machine economy is able to produce.

Twenty years ago, or less, this statement would have been set down as the envious and irresponsible raving of a disinherited radical. But experience—the experience of the last year—has taught many men many things. This statement has brought to my desk a flood of letters, many of them from the undisputed leaders of American business, industry, and finance, and to date the file of these letters contains but three dissenting opinions, and not one of these was from a great business leader. If I were free to quote the contents of these personal letters, the nation might get a new idea of some of the men at the top of the industrial order.

What is it that has led the best brains of the business and industrial world to agree that a contention, considered dangerously radical twenty years ago, is to-day the soundest of sound business policy? It is surely not because the big business man has turned bolshevik!

Let me try to state the case briefly: When various important industries began to slow down production in 1929, it was not because there was a lack of purchasing power in the country, but only because there was a lack of purchasing. Here is the great paradox of our industrial civilization: At the very moment when a slump in purchasing left industries with excess products, there existed in the country far more than enough purchasing power to absorb all of these excess products and to call for still greater production. Why, then, did not this purchasing power come into play? Not until we know the right answer to this question, will we be in position to devise workable ways and means of bringing this adequate purchasing power back into play. To me, one of the important parts of the answer is sun-clear. The reason that this surplus purchasing power was kept out of active circulation was that it existed, in large part, as a social surplus that was not, from a broad national and even business point of view, properly distributed. This inactive surplus purchasing power was, in large part, in the hands of a small minority who, for personal and family consumption, neither needed nor desired to buy more, while the large majority who, for personal and family consumption, both needed and desired to buy more did not have much if any excess purchasing power.

During the last six months, I have talked with a score of conservative big business men who agree that this is, as far as the factors under our immediate control are concerned, the root fact of our current economic situation. And they say frankly that the biggest job confronting the leadership of American business and industry is what to do about the wiser distribution of this social surplus of purchasing power.

The key to national prosperity is the release of the present inactive social surplus of buying power. And a score of America's outstanding business men, bankers, and industrialists have, as I have already suggested, told me that if a larger share of this social surplus could be wisely routed into the pockets of the consuming millions who, for personal and family consumption, both need and desire to buy more, the wheels of industry and the marts of trade would quickly begin to hum with new activity, economic depression would become a memory throughout the United States, and that, in the long run, the minority now owning this surplus buying power would actually be better off as far as total wealth is concerned.

The key problem of the United States is, if I may repeat, the problem of a wise and business-like redistribution of social buying power. Large scale charity does a little of this redistributing. Unemployment insurance does a little more. A gigantic program of public works, financed by governmental bonds, bought by those who now have a large part of our inactive surplus buying power, and the interest and retirement of these bonds financed by taxation of this inactive surplus of buying power, would go still further in this essential redistribution of surplus buying power. A dozen governmental devices come readily to mind.

But I should like to think that we can effect this imperative redistribution of social buying power through far-sighted business, industrial, and financial leadership, without resorting to political force. And never, since I have had personal contact with representative leaders of American business and industry, have so many of them been giving so much serious thought to this key problem as they are to-day.

A statesmanlike administration of the triple problem of wages, hours, and prices can go far towards resolving the economic dilemma that now confronts industrial and business America. If business, industrial and financial leadership faces fresh problems with fresh minds and becomes really convinced that only prosperous consumers make profitable customers, we can create on this continent a contented and prosperous people immune to the allurements of reckless radicalisms. But if business, industrial, and financial leadership misses this appointment with destiny, our economic order will smash and sooner or later the inarticulate millions of America will seek to achieve through political means what our economic order has failed to achieve for them through its normal leadership.

The gist of what I have tried to say is that our panicky present is the result of our planless past. If we isolate any particular enterprise in economic America, we may find that it has been managed admirably, but if we look for general economic statesmanship, we look in vain. If we permit the present to be as planless as the past has been, if we content ourselves with hastily improvised policies to jack up morale or hastily improvised protests to provide stump-speech copy for the next campaign, we shall find ourselves citizens of

a fear-ridden future in which we shall be dragged at the heels of forces and fears over which we shall be able to exert no more control than we exerted over the forces that brought a bloated market to explosion in the fall of 1929.

This fear-ridden and uncontrolled future need not be. There is genius enough in America to evolve and to execute political and economic policies that will give us a future that will, in point of material well-being and social enrichment, far out-strip the very real, if somewhat spotty, prosperity of the last decade. If America does not realize this finer and more fruitful future, and begin her realization of it with decent promptness, it will be either because at the top we suffer a breakdown of industrial, political and educational statesmanship or because at the bottom the people, in a moment of leaderless confusion, fanatically follow some false prophet from either the ultra-reactionary or the ultra-radical camp. It will not be because the cards of destiny are stacked against us. They are not. Every card in the deck is in our hands. It is a matter of playing them expertly.

THE MANAGEMENT INDEX

Abstracts and News Items

FINANCIAL MANAGEMENT

Wanted: New Fashions in Taxes

Eighteen months of business unsettlement have served to awaken the country to the reality and magnitude of a decade's accumulation of public financial problems. There have been enough significant developments recently in the field of public finance to demonstrate that the repeated warnings of the past ten years against continuous large increases in the cost of government were not mere cries of "Wolf!" These developments are treasury deficits, delinquent taxes and defaults in funded debt. For the first time since the war, we have in the realm of Federal finance the unpalatable prospect of a period of deficit financing. A second current development is that an increasing number of states are confronted with deficits. The expenditures by Federal, State and Municipal Government are tending to outrun possible re-

sources. Hitherto bankers and business men have not paid much attention to public extravagance but in the future through either choice or necessity they will give more attention to the checking of public waste. By Felix M. McWhirter. *American Bankers Association Journal*, April, 1931, p. 815:3.

Our Growing Tax Burden

Reliable statistics indicate that 30 cents out of every dollar of net corporate profits are required for tax payments. The fundamental policy to which all government action must conform is the principle that good government cannot exist with impaired or threatened credit and a constantly increasing tax burden. Just as opinions differ concerning the exact proportion of its net income which a family should

spend for shelter, clothing, food and recreation, so also may they differ concerning what proportion of its income a nation should turn to public use. If we have not passed the safety point yet, where is it? Can our taxes continue ever to go upwards? No nation, year in and year out, can possibly survive by devoting 30 per cent of its net income to taxes. It is high time to stop, look and listen. By Lee G. Lauck. *Barron's*, April 13, 1931, p. 5:1.

Internal Analysis and Interpretation of Accounting Information

The interpretation of accounting information in an organization manufacturing scales, valves, trucks and barrows is discussed. The company has two branch plants and several selling branches. The procedures described have been developed to meet the needs of management in controlling these ramified operations. A similar procedure can be applied to any business. By A. J. Paget. *N. A. C. A. Bulletin*, April 1, 1931, Section 1, p. 1207:13.

Consolidation Accounting

The subject of accounting necessary in consolidations and mergers is of constant interest. This paper deals with the accounting experience involved in putting together four companies through the process of having one of these companies absorb the other three. By E. J. Gessner. *N. A. C. A. Bulletin*, April 15, 1931. Section 1, p. 1281:14.

Accounting Through the Medium of Standard Costs

The fundamental principle throughout the cost accounting procedure described in this article, is to place a standard of measurement beside each avenue of expenditure. By this means, variance ratios are developed, according to sources of variances, rather than to some cumulative effect of these in unit costs. The purpose of the article is to clarify the operation of a Standard Cost system and to show concretely the benefits to be derived from

such a cost system in a specific case. By Robert B. Service, Jr. *N. A. C. A. Bulletin*, March 1, 1931, Sec. 1, p. 1043:20.

Executive Control as Applied to Cost Reduction

Some of the more effective measures which have been adopted by progressive managements to bring about a reduction in costs necessitated by the general business slump of the past year are considered in this article under the following topics: Labor; Inventories; Capital Expenditures; Sales; Waste; Unprofitable Operations; Method of Control; and Making Use of Present Opportunities. By J. W. Conrad. *L. R. B. & M. Journal*, March, 1931, p. 1:4.

The Forces Which Restore Prosperity

What are the fundamental readjustments which must occur in order to bring us from depression to prosperity, to replace hard times with good? They are primarily three: The first takes place in the field of prices; the second, in costs of production; and the third is in interest rates, especially those on long time funds which are procured through the sale of mortgages, bonds and other securities. Mr. Friday traces the readjustments that arise inevitably when demand has fallen off and unemployment has appeared, whatever the cause may be. He believes that we have now entered upon the first stages of the business revival and predicts that the rise in bonds will continue from nine to twelve months. By David Friday. *Trust Companies*, April, 1931, p. 475:5.

Should Corporations Distribute Their "Idle" Cash?

Is surplus money held by American corporations in excess of their reasonable needs accentuating depression and retarding revival?

The cautiousness of corporations in piling up surplus cash as an umbrella for a rainy day represents the same instinct that dictates the action of the individuals of

which they are composed. One school of economists has of late been urging the lay citizen to buy "as usual" instead of indulging in "riotous saving," which is held to be at the root of the protracted depression. It is this same school which is excoriating our great corporations for failure to distribute some of their excessive surpluses, answering the claim that these cash resources are the backlog for an emergency with the rejoinder that such an emergency now exists. The proper course for the corporation, as well as for the individual, probably lies somewhere between the two extremes. Miserliness and spendthriftiness both are uneconomic. By C. W. Steffler. *Commerce and Finance*, April 15, 1931, p. 569:2.

Cost Analysis and Budget for the Master Plumbers' Association

A survey recently made of the accounts of forty members of The Master Plumbers' Association of Dayton, Ohio, doing an annual business of two million dollars, disclosed the fact that just one-half of the number reporting, or twenty concerns, were operating at a profit. The majority of the

concerns reporting a loss were, of course, those doing a small volume of business. These reports covered a period prior to the present economic depression. An attempt was made to teach the man with the small volume that, in justice to himself, as well as to the supply dealer, and the public, he is entitled to a profit—not just a living—a profit over and above his salary or wages. The final result of this study was the preparation of a budget, based upon reports submitted in each group, in order to attempt to secure a net profit of 10 per cent on sales. The budget, stated in terms of percentages, is presented in this article. By J. E. Eberly. *N. A. C. A. Bulletin*, April 15, 1931, Section II, p. 1296:7.

How to Analyze Your Costs

A simple method of determining the unit costs of operation and of setting up a system of cost accounting for a bank is described. Once in operation, the system serves as a basis for the fair service charge. A form for recording expense items is illustrated. By Clark G. Mitchell. *The Bankers Monthly*, May, 1931, p. 283:2.

Insurance

Legal Interpretation of Partial Suspension Clause

In a recent decision which involved the partial suspension clause of a use and occupancy policy the New Hampshire Supreme Court ruled that under a clause limiting indemnity to actual loss sustained, not exceeding the proportion of the *per diem* liability that would have been incurred by total suspension that the actual loss during partial suspension bears to loss sustained by total suspension, an insured may recover full indemnity up to the general *per diem* limit of the policy for expenses incurred incident to the fire and to reduce loss, but may recover only a proportionate share of loss of profits.

Full expenses were allowed because the policies required the insured to use due diligence to reduce the loss. To limit his

recovery to a proportionate amount of expenses would deprive him of indemnity because of his diligence. *The Weekly Underwriter and The Insurance Press*, May 16, 1931, p. 1179.

Insurance Aspects of Simonds Saw and Steel Company's Windowless Plant

The National Board of Fire Underwriters has offered the opinion that a windowless building would be much safer against external fire attack than one that has windows, assuming that the fire resistance of the walls is sufficient to withstand the intensity of fire exposure. Inspectors point out, however, that while the four usual safeguards—wire glass, outside sprinklers, fire shutters and fire walls—are required for present day construction, a building with none of these necessary would

be no more a fireproof building on account of not having windows than a building built of two-thirds glass, similar to a plant in Worcester, Mass. Furthermore, it is contents, not the building, that frequently are hazardous. Buildings of fire resistive construction seldom burn down but they do burn out. The interpretation of the word "fireproof" is often construed too literally. *The Insurance Age Journal*, April 10, 1931, p. 7.

A Measure for Use and Occupancy Losses

Insurable values for business interruption insurance are difficult to determine because appraisals are of no value and past records of earnings offer small guarantee as to the future. An evaluation of inventories is not a practicable basis for determining the amount of coverage to carry since no pertinent relationship exists between inventories and use and occupancy loss. Material on hand will not restore facilities nor prevent continuance of expense due to interruption of plant operations. Production in terms of tonnage or other physical units is unsatisfactory when loss claims must be calculated in terms of profits lost and expenses necessarily continued.

The use of the gross sales method is likely to result in coverage for values not exposed to use and occupancy hazards and gross expenses for any period do not represent sound values even though some expense items may serve as a guide in computing insurable needs. Gross earnings constitute a more complete set of values and yet the use of this basis may also result in over-insurance if expenses that would stop during the interruption and income not derived from production or regular business activities are not carefully separated from the items insured. Some expenses that must continue during a short interruption could be stopped during a long period of replacement and assuming that it would take a full year to restore all property it is probable that some units of the plant would resume operations in a much shorter time. Consequently it is difficult to foresee any pos-

sible claim for a full year's expenses and profits and the insurable value should be computed accordingly. A form used as a work sheet is illustrated. By P. D. Betterley. *System*, May, 1931, p. 381:2.

Unemployment Insurance Feasible Only Within Narrow Limits

At the Chamber of Commerce meeting in Atlantic City, Leroy A. Lincoln, Vice-President and General Counsel, Metropolitan Life Insurance Company, stated that a plan to insure those normally employed against seasonal unemployment resulting from cyclical and technological reasons is a practical possibility. *The Insurance Field*, May 1, 1931, p. 8:3.

Administration of Group Life Insurance Written in Recent Years

It is estimated that nearly seven million men and women in America are included in group life policies carried jointly by employer and employee. There are also more than 130 group annuity contracts in force. During the recent period of depression insurance companies have had an opportunity to test the popularity and machinery for operation of this type of policy. Decreasing personnel in various groups usually leaves a residue of employees of a higher average age and consequently a higher average premium with frequently a higher mortality experience. Increased lack of employment has a tendency to produce malingering in the group health and accident department and a tendency to cause claims for total and permanent disability that otherwise would not be presented. All of these factors coupled with the economic pressure that many corporations are experiencing due to decreased earnings have put group insurance to a severe test. It is gratifying to note that notwithstanding these obstacles the volume of insurance in force has increased in every department, with an increased premium, with a lower expense ratio and with a lapse ratio that is extremely low. By James E. Kavanagh. *The Weekly Underwriter and Insurance Press*, May 9, 1931, p. 1149:2.

OFFICE MANAGEMENT

Organization: *Job Analysis, Employment, Pay, Tests*

Measuring Office Machine Work

A scientific analysis and careful reorganization of clerical and stenographic work will reduce costs and maintain earnings of the workers. The proper procedure in measuring office machine work is described as well as units of measurement for various types of work. After the standard unit of production has been determined, standard practice instructions should be written. These should be reviewed about once a year. By John Mitchell. *N. O. M. A. Bulletin*, April, 1931, p. 3:4.

A Practical Plan for Reducing Absenteeism in the Office

The Employers' Group has cut the total of lost working days 40 per cent by an incentive system for perfect attendance. For every two months of perfect attendance, meaning no absences or inexcusable latenesses, each employee is entitled to one extra day's pay or vacation during the succeeding fiscal year. Employees are required to sign an attendance sheet daily. Department heads are kept daily informed and a monthly summary is drawn up giving each individual's attendance record for the month. Through the Visiting Nurse's Reports they are kept informed about absences. The procedure is described in detail and the forms used in it illustrated. The writer says that the basis of successful operation of this plan is the employees' direct interest in it and the organization, not the management's ability to drive the

personnel to be on the job. By Harold T. Young. *The Office Economist*, April, 1931, p. 3:3.

Achievement in College and in Later Life

This study was undertaken to determine the relation between scholastic or extra-curricular achievement and vocational success of Wesleyan University alumni. The three highest and the three lowest ranking men in scholarship and in activities of the classes, 1897-1916, were selected. Ratings of their vocational achievements were obtained from twenty-five of their classmates. These ratings then were compared with their achievements while undergraduates and these conclusions drawn:

1. Scholastic and extra-curricular achievement are not related to a marked extent, though good scholars do achieve more along other lines, on the average, than poor scholars.
2. The most successful group, according to ratings, is the high scholarship group, followed by the high extra-curricular achievement group.
3. The least successful group is the low extra-curricular achievement group.
4. Differences in scholastic achievement or in extra-curricular achievement are correlated to a marked extent with vocational achievement. The subjects studied were extreme cases, however, so the above conclusions must be interpreted accordingly. By T. A. Langlie and Ashton Eldredge. *Personnel Journal*, April, 1931, p. 450:4.

Records: *Forms, Charts, Cards, Files, Statistics*

A New Measure of Management

An analysis of the Ford Rating Chart which an executive may use to prepare a quick index of the soundness of his policies, or management engineers to make a detailed study of earning trends and character of management. It is a condensation

of "the rule of the seven and nine," that is, the seven standards for forecasting: 1. History of this company; 2. Legal and financial status; 3. Land, buildings, equipment and other facilities; 4. Product and market; 5. Management; 6. Condition of the industry; 7. General economic conditions; and

the nine policies or laws of management: 1. Organization and personnel; 2. Forecasting, budgeting, accounting, operating reports, statistics (long-term planning and control); 3. Detailed planning, scheduling and controlling of sales, purchases, production and finances (short-term planning and control); 4. Land, building, equipment and other facilities; 5. Repetitive operating cycle; 6. Balance of quality, service and economy; 7. Research, design, development, standards; 8. Counsel; 9. Office management. Each applies to the three natural divisions of producing, marketing and financing. Examples of practical application as well as a reproduction of the chart are given. By William S. Ford. *Factory and Industrial Management*, May, 1931, p. 777:3.

Payroll Accounting

The payroll system of Kohler Company is carefully described in this article. The number of operations has been greatly reduced through the installation of mechanical equipment. By V. Mueller. *N. A. C. A. Bulletin*, March 15, 1931, Sec. 2, p. 1140:7.

This Month's Collection Letter

The novel collection letter reproduced in this article is written on the lefthand side of a letterhead, suggesting that the customer attach check to the righthand side, or explain why not. This has the advantage of confining any hard luck stories to a small space, and proved to be particularly successful in cash returns. *Credit and Financial Management*, February, 1931, p. 21:1.

Filing Away Overhead

The approach to the problem of filing is not through cabinets; it is through a coordinated, integrated system whereby the simplest method possible is used to create instant availability of all records and to reduce the chances for errors to a minimum. The writer sets forth some of the principles underlying the solutions of the filing problems of many diversified organizations: a piece work system of payment, with a

minimum wage plus a bonus for especial speed and accuracy is advocated; the average cost for sorting, filing and finding general correspondence should be around a half cent per name handled; irrespective of what system is used all information should be correlated so that cross reference is simple and speedy; standards must be established; alphabetical filing is commonly found the easiest, quickest and most practical system; the adoption of centralized or decentralized filing depends on the physical layout, number of individuals or departments referring to given records, and the number of times specific reference is made to given records daily; files should be placed as near as possible and practical to the departments most concerned with the records; it is an unwise economy not to use the best equipment for housing records; any important record to which frequent reference is made, when facts are wanted immediately for instant decisions, should be kept in visible form. By H. P. Preston. *Credit and Financial Management*, April, 1931, p. 24:4.

Present Cost Facts Graphically

The Eastman Kodak Company forecasts unit costs on a seasonable product within one per cent, by graphical presentation of the fundamental relationship between unit costs and the changing volume of production. The construction of this tool is described in detail, and the following examples given to show how it may be used to aid management in making proper decisions: 1. Unit Costs for Varying Lot Sizes; 2. Comparison of Methods of Manufacture; 3. Fluctuating Standard Costs and Budgets. Several charts illustrate the examples. By Floyd F. Hovey. *Factory and Industrial Management*, April, 1931, p. 599:3.

Protect the Irreplaceable

The first step in record protection should be an analysis of fire hazards and a classification or grading of all records according to importance. The form of protection chosen should combine the maximum of fire resistance and convenience. Various types

of fire resisting equipment are available, including features designed to protect against crushing from falling beams and to guard the contents against the possibility of water soaking. Every business would do well to consider whether it has adequate fire protective equipment and insurance. By H. P. Preston. *Credit & Financial Management*, May, 1931, p. 20:3.

Outline of Executive Success

Helpful suggestions for designing forms are given and sample forms are illustrated showing the effective use of color. Steps for organizing the control of forms are described and the following ten questions will reveal whether or not forms are being used effectively: Have we centralized the control of our printed forms? Have we recently gathered together and studied the forms of the business as a whole? Do we use only standard size forms? Have we established sound standards of paper for form use? Have we classified and "keyed" our forms? Do we have a systematic method of keeping track of suggested form improvements? Have we standardized the type faces authorized for use on our forms? Do we use colors for our forms to the greatest possible advantage? Are our forms spaced for the typewriter wherever they should be? Do we give practically all our form printing to one competent, reliable printer? *Hammermill Paper Company*, 1931. 96 pages.

Organization Charts as Employee-Educators

It is very important that every employee understand the full structure of the corporation, how it works and why. The modern organization chart will visualize for the workers the functions of the various departments, as well as the authority of the supervisors. Many times the drafting of such a chart will reveal unsuspected weaknesses, such as cross currents of authority which create friction. A good plan is to explain a functional organization chart to all employees. This will help to eliminate many errors and misunderstandings which arise through ignorance of functions of others in an organization. By J. George Frederick. *The Office Economist*, May, 1931, p. 3:4.

Forms That Humanize Personnel Control

The personnel records of Henry L. Doherty and Company have been designed to give a maximum of information and control with a minimum of transcription and posting work. These forms provide a history of all applicants, employees and those who have left the company. They allow analysis for promotions, transfers and salary increases and also include periodic ratings by the department heads. Samples of these forms are given with a description of their use. By D. A. Straight. *System*, May, 1931, p. 376:3.

Training and Education: Schools, Libraries, Employee Publications

Do College Men Stick?

If not, look to your training program. Herded together in routine jobs college graduates soon lose interest. But single out one of them for a special job and he feels that his chance to do something has come. He learns to use his powers with a rapidity that is astonishing—he has become an asset to the company.

The obvious way to accomplish this is to assign the new man, as early in the game as possible, to work individually with older

men who are executives. One month's service in the office of an executive will teach the college boy more about the business, about hard work, about his defects, his fitness for a particular kind of work, and his future, than a year spent with his fellows. Could there be any better way for the department heads to study the men available or for students to discover their aptitude for a certain class of work, than a rotating system in which the boys become understudies to various officials of

the company, in turn? Training courses should be treated as a far-sighted opportunity rather than a gamble; a real training school is an investment, requiring years to mature, and with profits in proportion to the money and brains put into it. By Terry Mitchell. *Factory and Industrial Management*, May, 1931, p. 788:2.

Library Management and a Management Library

A description of the American Management Association library and some advice on the planning and physical layout of an efficient business library. By Mary E. Mitchell. *The Office Economist*, April, 1931, p. 6:2.

PRODUCTION MANAGEMENT

General: *Promotion, Organization, Policy, Development*

Bata's Plan for Industrial Development

Thomas Bata, the largest shoe manufacturer of Czechoslovakia, has submitted a plan to the Czechoslovak Government for the industrial development of the Zlin district and central Moravia. Bata asserts that the future of the Republic depends on the further development of its main industrial centers, and points out that the execution of such a plan would not only provide additional employment to factory workers but would also furnish a good market for agricultural products of the surrounding territory. He states, however, that further development is dependent on the organization of a new political district for this territory, and on the regulation of the stream which flows through Zlin and of the March River. Bata predicts that if the plan is put into execution Zlin will be a model city,

with a population of 100,000 by 1940. *Commerce Reports*, April 6, 1931, p. 33:1.

Here's What Happened to Manufacturing Methods

The General Manager of the Ajax Hosiery Mills found that profitable manufacturing demands analyses of: type and structure of the concern; equipment and general layout; planning and its uses; manufacturing standards; materials—purchase and storage; costs—standards and budgetary control; waste elimination and reclamation; management reports and surveys; wage incentives; personnel relations. Along these lines the Ajax Mills has put through in the past few years a complete change in its plant, throwing aside the old methods, and working out the new. By M. G. Berg. *Factory and Industrial Management*, May, 1931, p. 780:3.

Industrial Economics: *Labor and Capital, Legislation, Wage Theory, Immigration*

The Question of Wage Reductions

The present business depression has brought forth a sharp controversy relative to wage reductions. The present administration represented by President Hoover and Secretary Mellon has taken ground energetically against wage reductions and laid emphasis strongly on the theory that high wages for labor not only guaranteed high purchasing power for industrial products,

but were also the only way to preserve an adequate consuming market. On the other hand, a strong body of banking opinion has begun to urge the policy of general wage cuts as immediately necessary, especially for the railways. On May 6th, at the International Chamber of Commerce in Washington, the policy of maintaining the present wage-scale and the reasons advanced in favor of it were challenged by

one of the International Chamber's eminent foreign delegates, the president of Continental Europe's steel cartel. He asserted that the high wages lately paid were themselves an important influence in causing the present adversity. Continental European countries, he insisted, are now accepting, as the necessary way out, "lower wages and a decreased cost of living." Editorial in the *New York Times*, May 7, 1931, p. 22.

Are Our Anti-trust Laws Out of Date?

The first anti-trust law was passed in 1890. Since then business has outlawed many of the practices the law was passed to curb. But the law still exists. Is it necessary? Is it obsolete? When we com-

plain against the anti-trust laws, are our complaints justified? A former president of the American Bar Association finds there is something to be said on both sides. Without legal language he indicates steps that would improve the situation. By Silas H. Strawn. *Nation's Business*, May, 1931, p. 32:2.

What of the Six-Hour Day?

The President of Kellogg Company outlines the details of that concern's plan of six-hour-day operation in the production, mechanical and maintenance departments, and reports on its results to date and its promise for the future. By Lewis J. Brown. *Industry*, April 25, 1931, p. 1:3.

Benefit Systems and Incentives: *Pensions, Vacations, Profit Sharing, Wage Plans, Suggestions, Stock Ownership*

For Group and Unemployment Insurance, see Insurance Section.

Meeting the Cost of Employee Superannuation

Some of the conclusions of this committee report are:

The operation of a sound industrial pension system is justified on an economic as well as a humane basis. Experience in other countries indicates that measures intended to relieve public old age dependency do not reduce the desirability of industrial pension plans.

No pension plan should be entered into recklessly and without careful study, nor without providing for competent actuarial supervision and sound accounting methods. Means of administration should be independent of the employing company.

No pension promise should be made which is based upon Management's hope of permanence and continuing prosperity. Instead, pension promises should be based solely upon the amount of money actually available for pension purposes.

Constant actuarial supervision is essential to the success of a privately operated pension plan. However, since mortality and disability figures are based upon mass

experience and future salaries and labor turnover rates are subject to so many varying influences, it seems inadvisable for any except the very largest employers to attempt to operate their own pension plans. Even then, there is the risk that the number of pensioners will be so small as to render improbable experience conforming to life tables. In small and medium sized plants, especially, employers would probably be well advised to delegate the operation of a pension plan to one of the various insurance companies that already have the organization, experience and established accounting methods which are necessary for the operation of a sound plan. By *Committee on Industrial Relations, National Metal Trades Association*, 1930. 52 pages.

Incentives for Maintenance Departments

The Manager, Standards Department, Hood Rubber Company, explains how that organization overcame the difficulty of keeping adequate control of a scattered crew working on varied isolated jobs, such as the maintenance department of a large

organization meets, by establishing an approximation to a standard time, which while not so accurate as that obtainable for production work is better than no standard. An effective incentive system resulted. It is described, supplemented by several forms and charts. By Charles P. Flora. *The Society of Industrial Engineers' Bulletin*, April, 1931, p. 11:10.

Employees Show Keen Interest in Suggestion Contest

A point of difference between the suggestion system of the Bausch & Lomb Optical Company and most other systems is that Bausch & Lomb, in asking for suggestions, specify on what function or phase of the work suggestions are sought. *The Reflector*, April, 1931, p. 3:1.

Training and Education: Schools, Libraries, Apprenticeship, Employee Publications, Bulletin Boards

Quality

The superintendent of inspection, Kearny Works, Western Electric Company, describes their maintenance of quality in mass production. A pre-supervisory training course includes these subjects: Cooperation as a Supervisory Responsibility; How to Give Orders and Directions; Job Teaching; Introducing the New Man to the Job; The Setting of Individual Production Standards; Analyzing and Planning the Job; Rating of Quality.

Descriptive matter on other subjects pertaining to supervision is also assigned for outside reading. A valuable by-product of this training work is that the potential supervisors are far more able to carry procedures and policies of the management down the line to the individual worker. The result is a better understanding of company policies because of a better appreciation of the reasons for them. The scheme for detecting and correcting defective material is also described. By Carl W. Gates. *Taylor Society Bulletin*, April, 1931, p. 75:6.

Training for the Job Ahead

How Dennison anticipates supervisory needs by keeping the whole executive staff advised of what is going on or is likely to happen. When such a need becomes apparent, a candidate for foremanship training is selected and a training course is laid out by the personnel division. During the training period the man spends his full time on training assignments and receives full pay while training, the cost being borne by his

own division. The training assignments require the student to work in the factory staff departments: research, methods, time study, rate setting, planning, cost accounting, personnel, mechanical maintenance. His work is checked throughout by the training supervisor who makes a regular report to the personnel manager, based on the results of talks with the department heads (a copy of one of these reports is illustrated). If no job is open for a man at the completion of the course he is given special work for a time; no one has had to wait more than three months for an assignment to supervisory work.

In weekly meetings with the division managers foreman training is continued after the actual course is ended. Here they are informed of new policies and changes of various kinds and are given up-to-the-minute information regarding new developments. By Francis A. Westbrook. *Factory and Industrial Management*, May, 1931, p. 803:2.

Employee Training in England

The Chairman, United Dairies, Ltd., describes the program of that organization for training junior workers and outlines the details of its vocational and non-vocational features, stressing as one of the greatest benefits of such a scheme that it provides opportunity for physical and mental development during an important period of adolescence and facilitates the training of character. By J. H. Maggs. *Executives Service Bulletin*, May, 1931, p. 7:1.

Employment: Classification, Selection, Tests, Turnover**Minor Ailments: Their Effect on Production**

Investigations along this line have established the interesting fact that a headache may increase the output of a manual worker paid on a piece system, but this is almost certainly not true of a worker who has only to use his brain. Minor and more serious

ailments can be reduced by careful selection and by keeping records which give a true picture of the individual worker. Very often a disabled man or girl can be fitted into some niche where he or she is as efficient as a 100 per cent worker would be. By Dr. Geoffrey A. Haydock. *Industrial Welfare and Personnel Management*, April, 1931, p. 262:4.

Shop Methods: Industrial Engineering, Standardization, Waste, Rate Setting, Time and Motion Study**Production Costs and Inventory Facts for the Smaller Plant**

A detailed description of the simplified system of current costs records, installed in order to control production costs and inventory stocks in a small woodworking plant. Seven forms are used in the system: production order card, material requisition, foreman's daily time card, labor summary sheet, production order envelope, inventory card and bin card. These forms are illustrated and the use of each explained. By Deane S. Hazen. *Factory and Industrial Management*, May, 1931, p. 797:2.

Converting Waste Into Net Profits

A story of how old rope, old boxes, obsolete automobiles and other articles, commonly classed as junk, are bringing a yearly profit of several million dollars to the Ford Motor Company and giving employment to 800 men. By Edwin P. Norwood. *Nation's Business*, May, 1931, p. 42:3.

The Production Phase of Package Design

Practical hints are given for increasing effectiveness of containers and decreasing their cost. Advice from the factory man and the chemist in early stages of designing will often avoid trouble later. If the production manager's experience has not been sufficiently comprehensive to warrant his giving an authoritative opinion, the safest

procedure is to have some dummies made for a series of tests in the factory before the design and structure of the package is finally adopted. By Francis Chilson. *Printers' Ink Monthly*, May, 1931, p. 40:5.

An Outline of Organization for Quality Control

At the Mohawk Carpet Mills the general administrative duties, the inspection division duties, the product-development division duties, and the laboratories division duties are so outlined as to permit managing for quality and objectified quality control. The manufacturer of today because of constant change and demands in style and competition needs to have continuous development and improvement of his product and of its quality. His producing organization must be flexible enough to aid in this development without undue disturbance of the manufacturing units. A quality program outlined in this way, with wise executive leadership, will accomplish much in this direction. By A. G. Ashcroft. *Taylor Society Bulletin*, April, 1931, p. 81:2.

Production Control of Interchangeable Parts

Control of production is far from easy when a multiplicity of small parts is involved. One successful company handles this problem by developing a master operation sheet which specifies in detail every

operation a part is to undergo. This ties in with the entire system of control, with all the "checks and double-checks," which have made this practice yield such good results. Close supervision of stocks of finished parts and of sub-assemblies, in the interest of avoiding heavy inventory tie-up while still assuring adequate supplies to carry manufacture forward, is a fundamental. And the whole has been found not only thoroughly workable but sufficiently flexible to allow for constantly changing conditions of business. *The Iron Age*, May 7, 1931, p. 1512:6.

It Took \$100,000 to Meet Competition

Here is evidence that management principles, soundly applied, will bring increased production and lower costs in any industry. An expenditure of approximately \$100,000 was necessary before one steel plant could be placed upon a really competitive basis; but minimum man power and maximum production were achieved through sound incentives for labor and supervision. The

installation in one department is explained in detail to illustrate the procedure. At the completion of the installation all workers, both direct and indirect, were on bonus; all foremen and superintendents were working under the performance bonus; and all costs were calculated on a 100 ft. per kind of product basis. In this plant, sound application of industrial engineering principles has not only been the means of saving thousands of dollars annually, but also has permitted the manufacturer to extend his market and compete actively with other manufacturers. By M. L. Jacob. *Factory and Industrial Management*, May, 1931, p. 783:3.

The Shop Express

Ordinarily the cost of handling small packages in the shop is one of the hidden costs of manufacturing. This article explains the economies effected by segregating small package delivery. By C. A. Fike. *Pacific Factory*, April, 1931, p. 13:3.

MARKETING MANAGEMENT

How Is Business?

Seeking practical methods of analysis and control which would be dependable despite present-day conditions, Seeman Brothers, developed a procedure which they believe is enabling them to plan ahead effectively. Mr. Stix, vice-president of this wholesale grocery organization, states that "if other companies will do likewise—they will discover that all they need to do to get into the same position enjoyed before the crash is to adjust their business to the new price level." By Sylvan L. Stix. *Executives Service Bulletin*, May, 1931, p. 5:2.

When Is a Price-Cutter?

An announcement by E. R. Squibb & Sons says that every transaction that does not earn at least the overhead expenses represents a definite loss, and the only safe practice is to earn your overhead and reasonable profit on every sale. The re-

tailer who disregards this fundamental rule of sound business places himself upon the slippery road to disappointment and failure. By R. W. Clarke. *Printers' Ink*, April 23, 1931, p. 57:2.

Sales Conventions—National or Regional?

According to the General Sales Manager of the Carter's Ink Company, regional conferences are superseding the erstwhile and very expensive national ones. The advantages and disadvantages of both meetings are mentioned. By Walter F. Wyman. *System*, May, 1931, p. 369:4.

Who Buys? You, Your Wife, or Both?

The writer talked the problem over with more than 50 informed executives including large retailers, small retailers, salesmen, buyers and other thoughtful observers. He presents a general report on what he

learned. Some of the popular theories as to the relative importance of the opinions of men and women in the purchase of various

articles are thereby exploded. By William Boyd Craig. *Nation's Business*, May, 1931, p. 35:4.

Sales Promotion: Letters, House Organs, Advertising

Marketing a Household Specialty

In discussing a thoroughgoing marketing program, which takes into consideration factors ranging from product refinement, for beauty and utility, to the education of clerks in the dealer's store, Mr. Boulware tells how Syracuse Washing Machine Corporation endeavors to maintain "a product representing the greatest value to users; a consistent money making proposition to the dealer; and the maximum sales and advertising effort." By L. R. Boulware. *Executives Service Bulletin*, May, 1931, p. 3:3.

Loyalty Wins—a Savings Contest

A new milepost of progress in savings campaigns has been set by Central Trust Company of Illinois. The 1,050 officers and employees were divided into three main divisions, the Red, White and Blue. Each division comprised twelve teams of thirty individuals each. A captain and a lieu-

tenant were provided for each team and the quota set for each team was \$60,000, for each individual \$2,000. An unprecedented record was made in getting new accounts without the aid of capital prizes, premiums or cash remuneration of any kind to the workers or depositors. Loyalty and fighting spirit alone were depended upon to bring victory to the drive. By W. Irving Bullard. *The Burroughs Clearing House*, April, 1931, p. 12:4.

A DeLuxe Package Opens a New Market for an Old Product

Bon Ami brings out a new package and widens the market horizon of the two established packages. This was done in response to the demand for a smartly styled cleanser package for bathroom use. By W. B. Edwards. *Printers' Ink*, May 21, 1931, p. 25:3.

Salesmen: Selection, Training, Compensation

Fifty Calls an Hour—and a Better Job with Each

The Coca-Cola Company uses a talkie in dealer meetings to demonstrate the importance of the soda fountain department. This picture has been very well received. By Frank W. Harrold. *Printers' Ink Monthly*, May, 1931, p. 99:2.

A Study of 158 Sales Manuals

Various methods of compiling sales manuals are described, including the "perpetual" type. Outlines of typical manuals are given as well as suggestions for making the book really useful. *Report No. 346. The Dartnell Corporation.*

Tip-Top Salesmen I Have Met

The first of a series of articles on salesmanship says that there is no more effective way to reduce the cost of distribution quickly than to get well-trained sales organizations working as consistently as they should and as effectively as they could. By R. J. Comyns. *Sales Management*, May 9, 1931, p. 228:2.

Letters that Helped Engineers to Become Salesmen

The second in a series of seven letters to salesmen employed by the Neilan Company, Ltd., to help them sell regulation and control equipment. *Printers' Ink*, May 7, 1931, p. 99:2.

Retailing

What the Seller Should Know About Automatic Selling

Some of the shortcomings and difficulties in automatic selling are described. Thousands of dollars may be saved by a little preliminary research. By Burford Lorimer. *Advertising & Selling*, May 13, 1931, p. 26:3.

Store Reports Reduced to Essentials

A simple system of reports used by a chain of 70 shops in the men's furnishings field, stretching from the Atlantic to the Pacific, consists of: a daily report which is nothing more than the statement of cash receipts and bank deposit, with a duplicate deposit slip signed by an employee of the bank; a weekly report which is a full report of receipts and a record of expenditures (the manager pays salaries and other weekly expenses out of a separate manager's account); a physical inventory taken every 60 days by each store, which takes

the place of daily and weekly reports on sales. In addition to this a weekly letter is required that gives the office a good idea of each manager's line of thought, his capability as an executive, and his interest in his work. The system is explained in some detail and forms used are illustrated. By Frederick A. Sarg, Sr. *Chain Store Age*, (Administration Edition), May, 1931, p. 25:2.

What About Automatic Selling?

A report of progress in machine merchandising considers the failures of certain types of machines, but indicates that the day will come when current obstacles will have been overcome and the roboters will have to face opposition from chain stores, taxation, legal restriction and the sentiment that they are causing unemployment. By Burford Lorimer. *Advertising & Selling*, April 29, 1931, p. 22:3.

Wholesaling

Building an Export Business During a World-Wide Depression

The president and export manager of Cluett, Peabody & Co., describe their experience in obtaining distribution in 62 foreign countries during the last two years. They have proved that a good product backed by good advertising will sell even in the toughest foreign markets. So long as American goods have qualities not ob-

tainable in native merchandise, and are properly advertised, their reception will be good even where duties and freight have run as high as 48 per cent of American prices to dealers. Posters and window cards with American designs, but carrying copy written in the language of the country where they are used have been very popular and effective. By C. R. Palmer and Judson Puffer. *Printers' Ink*, April 30, 1931, p. 3:4.

Buying, Receiving, Storing, Shipping

Creative Buying

Woolworth, instead of artificially creating its customers' desires, bases its purchases on what they already want, states its president. Outlining his organization's suggestion system, he tells how his company is aiding manufacturers to produce desired items at a price profitable to both.

"Our buyers," he states, "go into the market with what is practically a customer's written order" and "are constantly bringing within the ten-cent range items previously considered impossible to make at that price." By H. T. Parson. *Executives Service Bulletin*, April, 1931, p. 1:2.

Books Received

Rational Organization and Industrial Relations. A symposium of views from management, labour and the social sciences. Contributed to the 1929 I. R. I. Discussion Meeting on the subject of Human Relations in a rationally organized industry. International Industrial Relations Association, The Hague, Holland. 279 pages.

The Shifting and Effects of the Federal Corporation Income Tax—Vol. II. National Industrial Conference Board, Inc., New York, 1930. 174 pages. \$3.00.

State Income Taxes—Vol. II. Analysis of Income Taxes in State Fiscal Systems. National Industrial Conference Board, New York, 1930. 214 pages. \$2.50.

The Future Movement of Iron Ore and Coal in Relation to the St. Lawrence Waterway. By Fayette S. Warner. University of Pennsylvania Press, Philadelphia, 1930. 195 pages. \$3.00.

New York Laws Affecting Business Corporations. By J. B. R. Smith, Editor. U. S. Corporation Company, New York, 11th edition—revised to May 11, 1930. 446 pages. \$2.00.

Survey of Books for Executives

Organization Engineering. By Henry S. Dennison. McGraw-Hill Book Company, New York, 1931. 204 pages. \$2.00.

"In organization engineering," says Henry Dennison, in his book by that name, "we must seek to arrange a field of human forces and responsibilities—human motives, purposes, feelings, knowledges, and abilities—so that they interwork for a maximum usefulness." Later he adds, "In great part the work of organization engineering may be said to be the development of effective habits."

A short volume of 195 pages, the entire lack of padding is refreshing after so many business books where much is included because the author's experience does not justify him in drawing sharp lines between those things which are so and will work, and those things which are not so, but gain credence as a result of their casual expression by persons highly placed. Mr. Dennison presents under the chapter headings, "Men Working in Groups, Impulsion, Direction, and Organization Structure," an interesting development of what might have been termed, and as aptly, "the organization philosophy of a successful administrator."

"Organization Engineering," which de-

serves a place in the hands of every executive whose mind is open on personnel and organization matters, is free from charts which show that the A Company follows one method, and that B follows another. The author is not dealing with a type of organization represented by lines and squares, the great American substitute for an understanding of human behavior, but rather with underlying principles from which many structures, each apparently different, might be formed to meet an equal number of existing conditions.

As to "Men Working in Groups," which is treated under the headings of Diversity, Friction, Team Work, Leadership, and Motivation, Mr. Dennison comments: "Organization engineering must always be trying to make the most of the areas of mutual interest that already exist, and attempting constantly to increase them in size, as well as to develop new areas and to remove or reduce the areas of conflict."

The discussion of "Impulsion" is divided into Self-Serving Motives, Craftsmanship, Need for Social Respect, and Loyalty. Here as elsewhere the author has not hesitated to refer the reader to the sources from which he has drawn or to discussions

where points which he covers briefly are covered more fully. As to Loyalty, he says, "No organization may earn loyalty by direct endeavor, but an organization may earn loyalty by such practices and attitudes as will allow it to grow naturally. To demand, call for, or even suggest loyalty often works counter to its development even in a nation and almost surely in a business organization." He might have gone on to add that even the most loyal employee is entitled to his moments of dissatisfaction and his occasional indulgence in "higher criticism."

In his discussion of "Organization Structure," which is treated under ten subject headings, Mr. Dennison devotes a brief space to the "functional staff." In the less than six pages, it would be too much to expect a complete discussion, but with the increasing size of businesses, the staff and staff relationships are becoming increasingly important. Mr. Dennison refers to the staff in military organizations, but does not draw the line between the general staff, the administrative staff, and the personal staff. The assumption is made that the functions of the staff are advisory, although a quotation is made from the Fort Leavenworth "Command and Staff Tactics," where the foundation of general staff procedure is found:—"General staff officers assist the Commander by performing such duties pertaining to the functions of a command as may be delegated to them or given them by the Commander." This, of course, means just one thing, the delegation of authority, but the author ends the discussion on staff with the statement, "There is a responsibility or accountability that goes properly with the advisory functions just as there is with the executive function. The executive is usually said to have "final" responsibility, because he must turn the advice into action, but the advisors have no less to be held accountable for giving advice which leads to wise action."

The principles of staff work require that the staff man reflect accurately the views and plans of his responsible line head.

Otherwise, his value as a staff man is exactly zero. Conversely, the line executive in the field organization has the right to accept the statements of the staff man as the views and opinions of the line executive to whom they both report, and therefore to be followed. It is futile to say that this gives the field more than one supervisor, as the basis of the general staff is that it is an extension of the executive.

It would be a mistake not to read "Organization Engineering."

RICHARD WHITCOMB,
*General Sales Manager,
New England Telephone & Telegraph Co.*

Man Management in Chain Stores. By H. R. Barnett. Harper & Bros., New York, 1931. 252 pages. \$3.50.

The book can be roughly divided into three parts, one which has to do with the selection, development and utilization of personnel (man power), one which has to do with advertising and publicity, and an appendix.

That part of the book which deals directly with "Man Management" is largely a discussion of the problems rather than a presentation or a discussion of methods for dealing with them.

In the preface the author says: "Fundamentally, chain operation is management and development of personnel." In Chapter II he says: "The chain store business is entirely one of personnel. . . ." Whether or not one agrees with these statements as such, I believe they will help to make it clear why some of the material which has to do directly with advertising and publicity has been included in the volume. Apparently this material has been included as subject matter for training individuals to become successful store operators, supervisors and executives.

The appendix may well be the most helpful part of the book. It contains a long syllabus for a school for clerks, outlines for lectures, editorials for advertising copy, salesmanship programs, topics for discussion at district meetings, advertising head-

lines, subjects for house organ articles and a review of wage and bonus systems. This appendix with Chapter V, "Outline of Duties, Jobs and Responsibilities of a Superintendent", which might well have been included with it covers nearly 100 of the approximately 250 pages in the book.

The title would be more nearly indicative of the material contained in the book, if it were "Man Management in Chain Grocery Stores", as all of the material deals exclusively with the grocery chains.

R. H. FOGLER,
Director of Personnel,
W. T. Grant Company.

Restriction of Output Among Unorganized Workers. By Stanley B. Mathewson. Viking Press, New York, 1931. 212 pages. \$3.00.

The difficulties of the coöperative students at Antioch College in getting along with their fellow workers and yet giving their best day's work to their employers inspired this study, which is sponsored by the Personnel Research Federation. Many cases of worker-persuaded and even boss-ordered restriction are described, some managers' explanations are given. The investigator's inferences are as follows:

1. Restriction is a widespread institution, deeply entrenched in the working habits of American laboring people.

2. Scientific management has failed to develop that spirit of confidence between the parties to labor contracts which has been so potent in developing good-will between the parties to a sales contract.

3. Underwork and restriction are greater problems than over-speeding and overwork. The efforts of managers to speed up working people have been offset by the ingenuity of the workers in developing restrictive practices.

4. Managers have been so content with the over-all results of man-hour output that only superficial attention has been given to the workers' contribution or lack of contribution to the increased yield. Attempts to secure increased output have been marked by traditional and unscientific

methods, while the workers have held to the time-honored practices of self-protection which antedate time study, bonus plans, and other devices to encourage capacity production.

5. The practices of most manufacturing managements have not as yet brought the worker to feel that he can freely give his best efforts without incurring penalties in place of the rewards which usually accompany special attention to duty in other fields of endeavor. Regardless of how much the individual may or may not desire to contribute a full day's work, his actual experiences often turn him away from good working habits.

There are supplementary chapters on "The Economics of Restriction of Output," by W. M. Leiserson; "What Can Employers Do About It?" by Henry S. Dennison; and a concluding chapter by Arthur E. Morgan, the president of Antioch College.

The Century of the Reaper. By Cyrus McCormick. Houghton Mifflin Co., Boston, 1931. 307 pages. \$3.50.

It would be entirely inadequate to refer to "The Century of the Reaper" (by Cyrus McCormick, Jr.) as the history of an invention. The 290 pages are packed with romance, biography, social science. The art of business management, the heart and core of successful personnel administration, and an analysis of the functional organization of the International Harvester Company—all are presented as a part of a great epic that never loses its interest or lessens the reader's sense of educative values from page to page. Other stories of the reaper have been written, other biographies of its inventor have been printed, various details of the great Harvester organization have been described and the various phases of the economic, social and political development of our country during the past century have been told and re-told. However, no one but the grandson of the illustrious inventor-merchant, Cyrus H. McCormick, who is himself an acknowledged captain of industry and a profound student of social

science could reveal with such intimacy and charm the "Romance of the Reaper." The book is like a steel engraving; the broad pattern of the picture appears in vivid high lights and shadows, yet every detail stands out sharp and clear. His book will appeal to and satisfy the industrialist, the economist, the merchant, the historian and all lovers of good books.

ARTHUR H. YOUNG.

*Industrial Relations Counsel,
Industrial Relations Counselors, Inc.*

Studies on Industrial Relations. International Labour Office, Geneva, 1930. 263 pages.

The International Labour Office is responsible for this study of the Siemens Works (telegraph apparatus), the Lens Mining Company (coal), the London Traffic Combine, the State Mines of the Saar Basin (coal), and the Bata Boot and Shoe Factory. The history and character of these organizations are given, the organization and administration of industrial relations activities, and the general effect of these activities.

What the Figures Mean. By Spencer B. Meredith. Financial Publishing Company, Boston, 1931. 77 pages. \$1.50.

Written in a very simple style, this little book is designed to teach the reader how to analyze financial statements intelligently.

American Monetary and Banking Policies. By George William Dowrie. Longmans, Green & Co., New York, 1930. 401 pages. \$3.00.

Emphasis is placed in this text upon public policy rather than upon mere descriptions of institutions on the one hand, or extensive explorations into the subtleties of monetary and credit theory on the other. In the discussion of existing policies their relation to the public welfare is regarded as the final test of their merit. The topics selected for treatment, therefore, are those which the author considers of most vital interest and concern to the American public. These include a discus-

sion of public regulation of banking, of international relationships, and of policies relating to banking structure, to internal management, to the service functions of central banking, to the gold standard and to the stabilization problem. The author believes that, the world over, the formulation of monetary and banking policy is coming to be governed more by the social as opposed to the selfishly commercial point of view. The recent trend toward international cooperation as exemplified in the Bank for International Settlements is entirely in keeping with this changing attitude.

Looking Ahead with Common Stocks.

By Pierre R. Bretey. Wetzel Market Bureau, Inc., N. Y., 1931. 182 pp. \$3.00.

The first part of this book is devoted to a treatment of the fundamental principles applicable at all times in selecting investments. Then there is a brief survey of each of the leading industries and certain firms are recommended for investment, semi-investment, speculation or avoidance, based on statistics up to December 15, 1930.

The Law of Retail Gravitation. By William J. Reilly, Ph.D. G. P. Putnam's Sons, New York, N. Y., 1931. 75 pages.

Perhaps the most striking discovery, growing out of this three-year national study in the dynamics of retailing, is that retail business gravitates from smaller cities and towns to larger cities in accordance with a definite law.

Outside trade increases at about the same rate as the population of a city increases, but two cities attract retail trade from any intermediate city or town in the vicinity of the breaking point, approximately in direct proportion to the populations of the two cities and in inverse proportion to the square of the distances from these two cities to the intermediate town.

A breaking point between two cities is defined as a point up to which one city exercises the dominating retail trade influence, and beyond which the other city dominates. The book contains an extended

table of breaking-point factors by which those interested can determine the breaking point between two cities. The author takes the point of view that secondary factors are dependent largely upon primary factors.

An important chapter deals with practical applications of the law as they may be made in defining a city's retail trade territory, in the coordination of advertising with selling activity, in delineating retail budget territories, and as an aid in selective distribution.

With the guidance of this book local chambers of commerce could much more intelligently plan their efforts to extend retail trade areas.

An appendix describes the method of investigation in considerable detail, the kind of material which is very much needed in the management world. It is a pleasure to record this statement of marketing research methodology, which altogether too few investigators too often fail to consider and usually fail to record.

W. J. DONALD.

Reducing Seasonal Unemployment. By Edwin S. Smith. McGraw-Hill Book Co., New York, 1931. 296 pages. \$3.00.

This book presents in a very clear and concise manner the problems of seasonal and cyclical unemployment with which the various industries are confronted. It sets forth by means of a series of examples a very lucid analysis of problems that are faced in a number of the basic industries, together with some of the steps that have been taken to improve the situation.

The author has very ably shown how the seasonality in one industry may affect a number of others, thus emphasizing the fact that many of the industries are interdependent the one on the other. He further shows that in certain instances an industry may be solving its own seasonal fluctuations of employment at the expense of others. In the chapter on "Pushing Sales in the Dull Season", the reader is brought very forcibly face to face with the fact that high pressure salesmanship for creat-

ing sales in dull seasons, may in many instances be detrimental to the interests of the manufacturer, due to the fact that he may have induced his retailer to overstock, with the consequent result that his orders will fall off during the regular season. The author in this case makes a very strong point of the fact that temporary price concessions made during these attempts to push sales during the dull season are very often imitated by competitors, thereby seriously affecting the permanent price structure.

The practice of creating out of season uses for products as analyzed in this book, shows how well some manufacturing companies have gotten away from the seasonal bargain sale class, into a class of industries that have a year round sale. The author points out very clearly the advantage of creating out of season uses, especially in the building construction trade, in order that organizations may be maintained intact.

It is very interesting to note the tremendous effect that chain stores have on the stabilization of employment through the placing of large orders which may carry through from one season to another, it being very evident from the text matter that several of the large shoe manufacturers have been able to solve their problems satisfactorily through chain store distribution.

The author has shown very clearly the problems arising through the budgeting of sales and production, emphasizing very clearly that the budgets cannot extend over a very long period and must be very frequently revised if they are to be of any material assistance in stabilizing employment.

One of the most interesting chapters in the text refers to stabilizing employment for the individual worker and this chapter, by means of a series of specific illustrations, shows the problems that the employer is confronted with which are created by the worker. It is especially interesting to study the section which treats with the reluctance of employees to be

transferred, together with the limitations that may be placed on transfer, in order to stabilize employment. The author has brought out very clearly what manufacturers are beginning to learn, namely, that if they are to stabilize employment it will be done to a great extent through creating versatility amongst the workers.

This book, with its variety of illustrations and analyses of situations, is very timely because it treats with a problem which is of vital interest to our whole industrial structure and whereas it does not attempt to point out one solution that is applicable to all lines of manufacturing, it nevertheless leaves in the reader's mind a realization that industry must no longer sit back on its haunches and feel that fluctuations, like the ordinary cold, are bound to come and must be allowed to run their full course. The leading industrialists are coming together more and more to discuss their problems with the hopes of flattening off the sharp peaks in the curve of fluctuation of employment.

U. J. LUPIEN,

*Assistant Manager of Industrial Relations,
Cheney Brothers.*

Methods of Correlation Analysis. By Mordecai Ezekiel. John Wiley & Sons, New York, 1930. 427 pages.

The investigator of phenomena in the fields of economics and business and in the social sciences generally, is confronted with the fact that the events on which his observations and conclusions are to be based must of necessity take place under conditions largely beyond his control. The laboratory methods of the natural sciences, whereby the principal causes of variation not pertinent to the relationship under investigation may generally be discovered and eliminated, cannot be applied. Instead of employing the experimental method of limiting the effects of extraneous factors, the student of economics and business must have recourse to the statistical method of analyzing data in which the effects of a number of important causes are present.

Outstanding among the statistical pro-

cedures for unraveling the causal threads that compose the tangled skein of events is a class of method referred to as correlation analysis, the subject of this book. To adopt the expression used by its author in several chapter headings, the function of the correlation method is to "determine the way one variable changes when one or more other variables change."

In view of the essentially technical nature of the subject, the book will have principal interest for the statistician, although ever in this respect the treatment is sufficiently elementary throughout as not to discourage its study and use by those with meagre technical equipment. Aside from the purely methodological content, however, there is much material of broader interest on what may be termed the philosophical aspects of the subject, the uses to which the method has been applied, the nature of the conclusions that may be drawn, the relation between hypothesis and method of attack, and the limitations of samples. While a considerable part of the illustrative data fall within the author's special field of agricultural economics, the brief summary contained in a late chapter of types of problems to which correlation analysis has been applied should prove stimulating and suggestive of further uses. The examples cited cover such diverse subjects as determining the effects of kind and quantity of feed on the gain in weight of food animals or of quantity of seed, amount and kind of fertilizer, and depth of plowing on crop yields; estimating farm land values from supplementary facts such as distance from town, value of buildings, proportion of crop land, fertility of soil, and type of road on which the farm fronted (the results, incidentally showing much less error with respect to actual sales prices than did the assessor's valuations); and estimating the relation between prices of a commodity and changes in production, changes in the general price level, and changes in supply and price of competitive products.

Irrespective of the particular field of investigation, the correlation method may be

employed in several different ways. It may be used as an aid in the discovery of causal relationships, in testing hypotheses as to possible causes and in evaluating their separate effects, although, as the author carefully indicates, the existence of an apparent relationship does not prove the sequence of cause and effect. The hypothesis must be rationally devised and the statistical method serve as a check and quantitative measure. Again, the correlation method is useful in estimating "normal" values of a variable, results that can reasonably be expected under prescribed conditions, although considerable variation is present in the actual conditions under which the available recorded events took place. And finally, estimates may sometimes be made of the probable results of particular combinations of factors which do not happen to have occurred together in the material studied but which may be expected to occur in the future.

From the technical point of view, this book fills an important place in statistical literature, bringing together a large amount of material heretofore widely scattered, much of it of recent origin. The statistical researcher will find the sections devoted to curvilinear multiple correlation and to the concept of "joint" correlation especially valuable. Practical methods of computation are given in some detail.

HAROLD M. FLINN,
Chief Statistician's Division,
American Telephone & Telegraph Co.

Banking Concentration in the United States. By Joseph Stagg Lawrence. Bankers Publishing Company, New York, 1930. 318 pages. \$5.00.

Sharp bitter controversy is waging about the relative merits of branch and group banking versus unit banking. Protracted palavers in legislative halls are being held for the purpose of refining the matter in order to eliminate plausible but inconsequential dross which otherwise will hamper sound judgment on the main issues. Thus far the sonorous notes of resounding volume have

been struck in favor of branch and group banking as one of the inevitables in the modern economic trends. Whenever a doughty unit banker rushes to the defense of our independent banking system his articulate expression has the semblance of a lone cry in the wilderness.

In "Banking Concentration in the United States," J. S. Lawrence has rallied more or less superbly to the unit banking cause. After reviewing the fundamentals of our banking history, examining the main currents of the economic stream in United States and estimating the strength of each in shaping our banking structure, and analyzing and marshalling in ratio form figures pertaining to the operation of small and medium-size banks in United States, the author comes to the conclusion that first, there is nothing in the current scene which warrants hasty action by Congress, State legislatures or bankers; and second, the merits and demerits of unit banking so nearly balance the advantages and disadvantages of branch and group banking that the issue is a stalemate.

Credit must be given to Mr. Lawrence for his collection and arrangement of data hitherto unavailable concerning results of the operations of commercial banks in United States. His figure-fact tests of the reputed safety, profitableness and service-rendering abilities of large-scale banking furnish a starting point for wider excursions into this field. On the other hand, the general arguments set forth in the text have been sponsored and developed in other volumes and especially in the hearings of the Banking and Currency Committee of the House of Representatives. But what this book possesses which most books on banking lack, is sufficient excuse for its placement in every banking library, namely, a trenchant, colorful provocative style.

While the book has no index, the table of contents has numerous suggestive paragraph headings.

FRANK PARKER, *Professor of Finance,*
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